

# **Returning Home Or Retire Here? Understanding The Migrants' Retirement Return Migration And Pension Outcomes Using Administrative Data Linked With Surveys.**

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## **Background**

Across European countries, the number of retired migrants have increased and is expected to grow further in the decades ahead. Figure 1 illustrates this for the Netherlands. Research found that a considerable portion of migrants are financially ill-equipped for their retirement. Specifically, Heisig et al., (2018), relying on data from 16 European countries, reported an average gap of 28% in retirement income between migrants and non-migrants and Gustafsson et al. (2022) report high pension poverty rates among migrants. Therefore, an increasing number of migrants face a dilemma: they could either return to their origin country before retirement, or retire in their destination country, likely in financial hardship.

Important work has been done to understand the migrants' retirement return migration and pension poverties. Research on the migrant pension poverty show that public pensions generally require a minimum number of years of residence or employment, often resulting in migrants receiving lower public pensions (Feng et al., 2016; Gustafsson et al., 2022). Furthermore, migrants tend to have lower employment rates and incomes, reducing their occupational pension benefits and personal pension savings (Gustafsson et al., 2019). In addition, studies focusing on the retirement return migrations found that transnational ties, economic resources and family dynamics in the destination country play an important role in explaining this behavior (Bolzman et al., 2006; De Coulon & Wolff, 2010).

## **Aims and contributions**

This study bridges these two lines of research (retirement return migration and pension poverty) using a life-course framework. We follow a cohort of about 5,000 migrants from the biggest migrant groups in the Netherlands (Suriname, Morocco, Turkey, and Antilleans) for a period of up to 20 years until they reach their retirement age. We employ unique data that link large-scale representative surveys among migrants to administrative data. This approach enables us examine different life-course outcomes: who (*a*) decides to return to their origin country (*b*) stays and lives in pension poverty and (*c*) stays and does not live in pension poverty. In addition, it allows us to combine the registered and time-varying factors such as income and family dynamics with the unregistered factors from the survey such as remittance behavior, return migration intentions and co-ethnic ties. By doing so, we improve on the current literature in several ways.

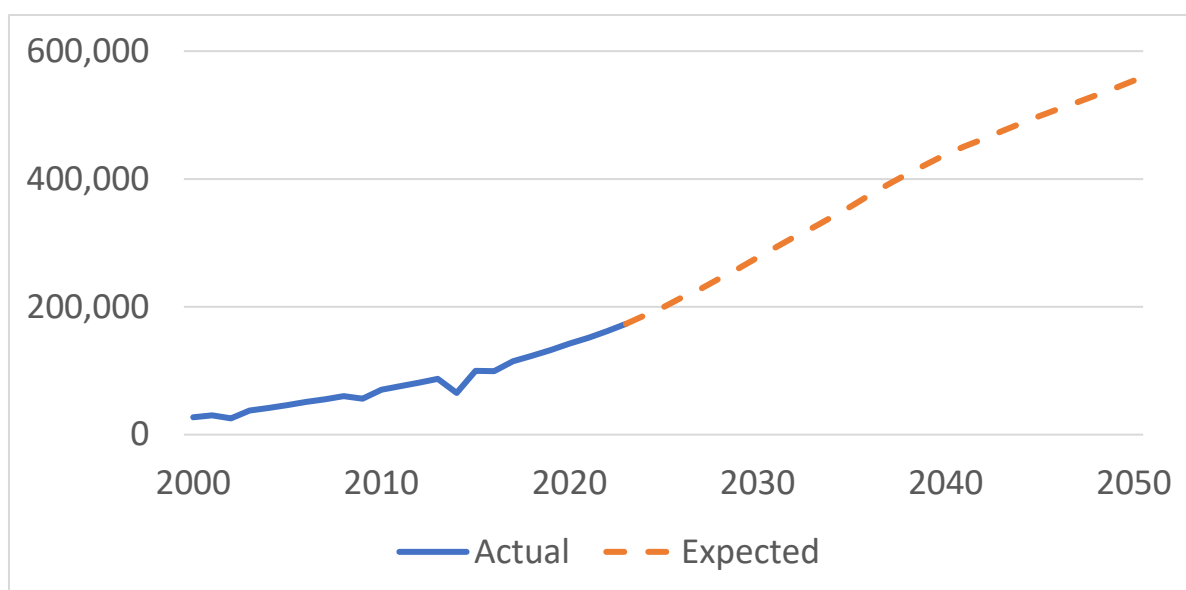


Figure 1. Increase in Non-Western first generation migrants aged 65 and older in the Netherlands.

First, by linking surveys to administrative data we are able to explain pension outcomes and return migration by factors that are almost impossible to examine using only registers or surveys. For instance, studies using survey data have extensively described the remittance behavior and return migration intentions. Potentially, migrants who remit large amounts and who are psychologically more oriented to retirement in the origin country are less likely to save and prepare for retirement in the destination country (Veldman et al., 2025). However, survey data alone cannot analyze such long-term consequences, whereas administrative data do not include such unregistered factors.

Second, our study focuses on retirement return migration and pension poverties in a single comprehensive framework. This approach allows for an interesting inquiry for demographic research as the same factors driving return migration are often argued to affect the migrants' pension incomes. For instance, migrants' with a better economic position have more financial opportunities to return, but are also likely better prepared for their retirement in the destination country. In addition, transnational family members in the origin country, could motivate migrant to return to their origin country. Similarly, transnational ties are argued to affect the migrants' future outlook and therefore investments in retirement in the destination country.

Third, this study contributes to the literature on retirement return migration. Thus far, studies focused on the migrants' settlement *intention* instead of behavior (Bolzman et al., 2006) or qualitatively interviewed return migrants in the destination country. However, quantitative studies focusing on return migration *behavior* at retirement have not been conducted.

## **Theoretical framework and expected findings**

To comprehensively understand return migration and pension poverty among those that stay, we rely on three theoretical mechanisms: (1) labor market, (2) sociocultural, and (3) transnational. We explain our expected findings below and summarize them in Figure 2.

***Labor market mechanism.*** According to human capital theory, migrants try to maximize the returns to their migration. Hence, the more successful migrants are in the labor market, the more likely they are to remain in the Netherlands until retirement. On the other hand, Less successful migrants may also return to avoid retiring in poverty. From these perspectives, one would expect that higher labor market success increases the likelihood of staying in the Netherlands at retirement. In addition, the better the migrants' labor market position, the more occupational pensions they accumulate and the more opportunities they have to personally save for retirement. Hence, we expect these a better labor market decreases the likelihood to live below the poverty line before retirement.

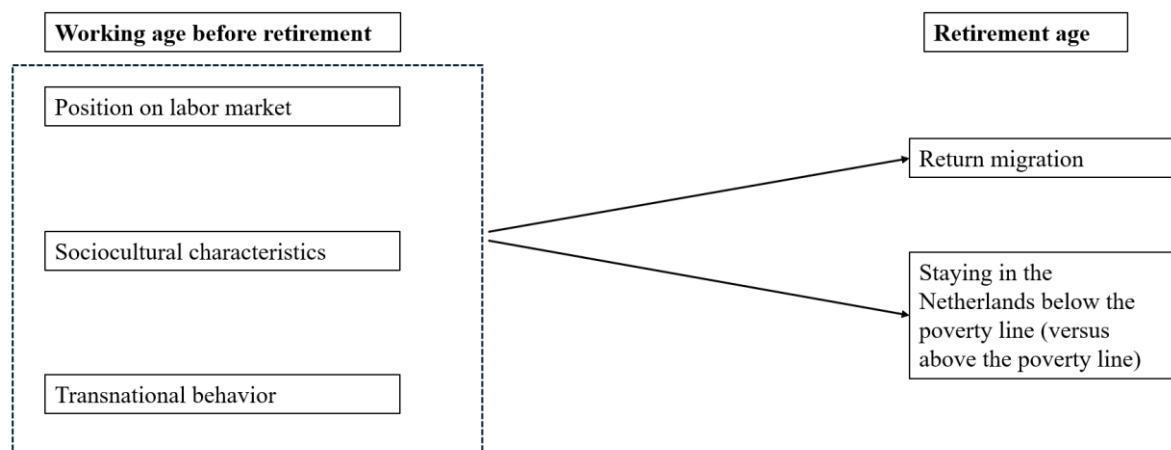
***Sociocultural mechanism.*** The more socioculturally dissimilar migrants are compared to the dominant native population, the more 'out of place' they may feel in the destination country. Hence, migrants who are more dissimilar to the dominant native population in terms of their language skills, religious behavior and social network, are less likely to stay at retirement. In addition, we expect these sociocultural differences to positively impact the likelihood to retire below the poverty line. The better the migrants' Dutch language skills, the better they understand the Dutch pension system. Hence, they may be better prepared for their retirement in the Netherlands. In addition, the Islamic prohibition of paying and receiving rent may complicate saving for retirement for Muslim migrants.

***Transnational mechanism.*** The more transnationally active a person is, by sending remittances, or intending to return, the easier it is for a more to reintegrate in the home country. Hence, we expect migrants who are transnationally active to be less likely to retire in the destination country. In addition, the more a migrant invests transnationally, by sending remittances or buying a house in the origin country, the less a migrant can invest in their retirement in the destination country.

## **Data & Methods**

We creatively link Dutch representative survey data to the administrative data to test our hypotheses. To be specific, we pooled seven migration-specific surveys (LAS 2005, SING 2009, SIM 2006, 2011, 2015 and 2020), covering a large number of topics about integration and transnational behavior. These respondents were sampled from the Dutch municipality records and the surveys were translated to the migrants' native language and conducted face-to-face. From these surveys, information about the migrants' language skills, co-ethnic ties, return migration intentions, remittance behavior were obtained. The respondents were linked to Dutch administrative data to obtain details about their work status, household income, circular migrations and demographic and household characteristics. In addition, the administrative data provides information about the migrants' pension incomes and return migration.

In total, we are able to analyze the life-courses of about 5,000 migrants from 2005 until 2023. About 1,500 of them return to their origin country before retirement. For the remaining 3,500 respondents we analyze their pension incomes (public, occupational and personal pension combined). We contrast those living below the poverty line (1,500 Euros a month) to those living above the poverty line. We use Multinomial regression using three different outcome variables: (1) returning to the origin country before retirement; (2) retiring in the Netherlands *above the poverty line*; and (3) retiring in the Netherlands *below the poverty line*.



**Figure 2. Conceptual model**

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